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1.	continue the utilizar	ally planned by the shipping in the state on Yugoslav tion of foreign shipping with enough of the five year	e Ministry of period from l ia's needs an ipping, was e gh tonnage to period and w	Merchant Marine to 947 to 1951. This declared to discontinuous marine to be completely self—rith a surplus of	
2.	pected to be completed ton cargo capacity at of 9,500 tons. In a BAICIK which had been Split shipyards, and TIRRENIA which was st	ed and put into send is of the PULA ddition, the SREM, a sunk in Split due the LOCCHI, 4,000 ank in Rijeka, has from these snips,	rvice. Of the type, and a sea former Runging the war, tons, the follower dry-dock however, the	tese, one has a 3,900 tecond has a capacity tanian ship named the is under repairs in ormer Italian ted for repair and recore is little likelihood	50X1-HUM
3.	and there is little: the shortage. Three struction and may be not definitely accep SIPAN types) which i all general needs. the construction of	n the present builth ships of 200 tons completed during sed, is a ship (a sis hoped, will be the Ministry of Merica and Dubrovnik.	lding program of the ABBAZ 1950. In the combination of the prototy rehant Marine s with a spee These ships,	which will rectify IA type are under con- planning stage, and	r 50X1-HUM
ц.	ships, all of which a from their original a position to build	are nationalized. where by the Yugo very few since the	lost of thes slav Governme end of the w	sels and wooden hulled be ships were confiscate ont, which has been in our. To relieve the be meet the problem of	d
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food	supply	and	the	needs	of	industry,	the	Ministry	was	forced	to	borrow
thirt	een 15.	.000	ton	ships								

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5. Although now in the fourth year of the Five Year Plan, organization and coordination between rail and marine transport continues to be unsatisfactory. Many Yugoslav shipping people describe the situation as worse than in the first year following the "liberation". At the end of 1949, large numbers and Yugoslav and foreign ships waited for long periods in Yugoslav ports for freight cargoes which did not arrive on schedule from the interior. To complicate matters further, other goods often arrived which had to be stored in the port warehouses. In the port of Rijeka, for example, ships were waiting to load white corn which was scheduled to arrive; however, yellow corn, which had to be placed in stock, arrived instead. In other instances, wood of one type was to be loaded but another type was shipped to the port, thus delaying the ships and overloading warehouse facilities. Uncoordinated operations of this nature naturally increase handling costs, add to the storage problem and block the harbors with waiting ships.

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- Directives of the Ministry of Merchant Marine for the second Five Year Plan call for 90 percent of the 400,000 tons of the shipping to be built in Yugoslav yards and only 10 percent to be contracted to foreign yards. Such action is essentially to bolster domestic yards, because the construction of a 4,000 ton ship built in foreign yards costs approximately 72 million dinars whereas the cost of the same ship in a Yugoslav yard is in the neighborhood of 130 million dinars. The great difference in building costs is created by the following factors:
 - a. The purchase price and cost of installation of engines, navigational gear, electrical and other material are much less in foreign shipyards.
 - b. Worked steel per ton is more expensive in Yugoslav yards.
 - c. There is a 30 percent to 40 percent greater loss of work time in Yugoslav yards.
 - d. Forty percent of the invested capital goes for workers' wages.

-	enlarge the number and scope of its shipping lines to compete with nations on a world-wide basis. For the moment, these lines are	th other
	limited by inadequate equipment and shipping facilities.	

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8. Even if the ship building program suffices in theory, Yugoslav shipping officials are doubtful that it will be met because of the shortage of available currency. Because of the shortage, Yugoslav ships often travel thousands of miles with less than full cargoes in order to deliver goods on schedule as contracted, thereby avoiding penalties and acquiring the needed currency. In addition, while the Merchant Marine is a Ministry, it is really only a part of the Ministry of Foreign Trade in which many interests are centered. Often, in the interest or need of another department or industry represented in the Ministry of Foreign Trade, funds allocated to the Ministry of Merchant Marine are transferred arbitrarily for the purchase of materials.

CONTINENTIAL